

BUNKER FUEL CONTRACT PROCEDURES FOR USN SHIPS

1. General. This enclosure provides specific ordering and document preparation instructions to Navy end-use ships for the purchase of ship's propulsion fuel from Defense Energy Support Center (DESC, formerly Defense Fuel Supply Center (DFSC)) bunker fuel contracts. The instructions also apply for local purchases of fuel. They do not apply to Navy oilers, ships purchasing fuel under AV207 accounting, or MSC ships.

NOTE FOR NAVY OILERS: Navy oilers will not utilize bunker fuel contracts for cargo support without prior approval from the Navy Petroleum Office. There are several reasons for this restriction: (1) COMNAVSEASYS COM has not authorized or granted a waiver for the receipt and issue of commercial specification fuels by Navy oilers because the ultimate customer or mission requirement is unknown; (2) Navy oilers do not have the equipment or technical knowledge to provide adequate quality assurance of bunker fuel purchases; (3) Bunker fuel contracts are negotiated for small deliveries and cargo loads are beyond the scope of the contract; and (4) DOD 4140.25M assigns procurement responsibility for ship cargo fuel deliveries to DESC.

2. Ordering Officer Responsibilities. Officers placing orders against DESC contracts are not authorized to negotiate changes in minimum delivery quantities, delivery methods, or other restrictions listed in enclosures (1) and (2). Prior to entering into a local purchase agreement in a foreign port, the ordering officer (or designated husbanding agent) will ensure the vendor can deliver the fuel and provide an invoice while the ship is in port.

a. Use of Substitute Fuels. DESC bunker fuel contracts provide for a variety of products and delivery methods to support all Government agencies. The Ordering Officer is responsible for ensuring the product ordered and the method of delivery meets his requirements. NAVSEA Technical Manual, Chapter 541, section 10, authorizes the use of commercial Marine Gas Oil (100 percent distillate) as an acceptable substitute. DESC bunker fuel contracts meet the minimum requirements for all Navy ship propulsion and auxiliary systems (including gas turbine engines).

b. Estimation of Quantity and Time of Delivery. The Ordering Officer is encouraged to make an accurate estimate of the required quantity of fuel and the delivery time. Failure to accept the full quantity of fuel ordered and delivery delays may result in backhaul and demurrage charges. Backhaul charges result from the ship overestimating and ordering more fuel than it can accept. The contractor must then "backhaul" the excess fuel to the source of supply. Demurrage charges result when product receipt is delayed because of actions by ship's personnel. These actions include a delay in arrival time, conflicting ship's evolutions (like ammunition handling) and mechanical failures or improper adapters. **The ship's OPTAR pays backhaul and demurrage charges.**

(1) If in doubt of the legitimacy of a backhaul or demurrage charge on a DESC bunker fuel contract, contact the Navy Petroleum Office by message or phone DSN 427-7349 or commercial (703) 767-7349 for guidance. When purchasing fuel locally, the ordering officer will determine the appropriateness of demurrage or backhaul charges.

(2) Once the charge is determined to be legitimate, the invoice should be processed for payment in accordance with reference (c), paragraph 3411.

3. Preparation of Procurement Documents. Requisitions for fuel are prepared by the ships Supply Department on DD Form 1155, Order for Supplies or Services. The DD Form 1155 is used to order and authorize payment by DFAS to the bunker fuel contractor. An example of DD Form 1155 is provided as enclosure (4). The following are procedures for completing DD Form 1155 for Navy end-use ship purchase transactions under DESC bunker fuel contracts and local purchases of fuels.

Block 1: Contract/Purchase Order Number: If the order is placed under a DESC bunker fuel contract, enter the contract number (i.e., SPO600-98-D-0012). If this is a local purchase, enter SPO600-FY-D-0000. The last four zeros tells DFAS that this was a local purchase.

Block 2: Delivery Order No: Blank or as applicable.

- Block 3: Date of Order: Enter the date the order was placed with the contractor. If order was placed with a Logistics Requirement (LOGREQ), list date time group (DTG) of LOGREQ.
- Block 4: Requisition/Purchase Request No: Enter a complete MILSTRIP requisition number (i.e., Service designator and UIC of the requesting ship, Julian Date, and serial number). The requisition Julian Date must be the same date as the date entered in Block 3.
- Block 5: Priority: Blank.
- Block 6: Issued By: Enter the name, hull number and DODAAC (Service designator and UIC) of the requesting ship/Fleet unit. Include the ship's complete mailing address including phone number.
- Block 7: Administered By: For bunker fuel contracts established by DESC, enter Defense Energy Support Center, 8725 John J. Kingman Rd., Ste 3815, Fort Belvoir, VA, 22060-6222. For local purchases, enter the name and address of the appropriate type commander.
- Block 8: Delivery FOB: Enter an X in the destination block.
- Block 9: Contractor: Enter the contractors complete name and mailing address to which payment is to be made.
- Block 10: Delivery to FOB Point By: Enter the required delivery date.
- Block 11: Mark if Business is: Place an X in the appropriate block if applicable.
- Block 12: Discount Terms: Describe discount terms if offered for a local purchase.

Block 13: Mail Invoices To: Type in "See Block 15".

Block 14: Ship To: Enter the name and specifics of exact location of vessel.

Block 15: Payment Will Be Made By: Defense Finance and Accounting Service-Columbus Center, Fuels Accounting and Payments Division , ATTN: DFAS-CO-SFFB, P.O. Box 182317, Columbus, OH 43218-6251.

NOTE: Blocks 13 and 15 of the DD Form 1155 are essential to ensure proper and timely payment of dealer invoices.

Block 16: Type of Order: Place an X in the Delivery Block if Block 1 is a DESC contract and the Supply Officer is acting as the Ordering Officer. Place an X in the Purchase Block if this is a local purchase of fuel.

Block 17: Accounting and Appropriation Data: Use the following accounting data for **ALL** commercial purchases of fuel for both DESC bunker fuel contracts and local purchases.

Appropriation and Subhead 97X4930.5CFO

Object Class 261

Bureau Control Number BLANK

Suballotment 1

Authorization Accounting Activity S33150

Transaction Type Code BLANK

Property Accounting Activity BLANK

Cost Code (12 Digits): Service Designator Code and UIC of ship receiving the fuel, followed by the appropriate Fund Code for fuel (39 or 43) and four (4) zeroes (0000).

- Block 18: Item No: Enter item number from DESC contract (see enclosures (2) or (3). If local purchase, leave blank.
- Block 19: Schedule of Supplies/Services: Enter product, i.e., MGO, F76, etc. Type "Signal Code: A, Fund Code: 39" or "43" (as appropriate).
- Block 20: Quantity Ordered/Accepted: Enter the quantity of fuel ordered and accepted.
- Block 21: Unit of Issue: Enter the unit of issue. (For CONUS location gallons and for overseas locations metric tons.)
- Block 22: Unit Price: Leave blank for DESC bunker fuel contracts. (DFAS will use escalating tables to determine proper price.)
- Block 23: Amount: Leave blank.
- Block 24: Sign
- Block 26: Place an "X" in the appropriate block. Sign and date.

4. Quality Assurance. DESC bunker fuel contractors guarantee the fuel offered under the contract will meet minimum specification standards as established by NAVSEA. Since Government quality assurance testing is limited, the contractor is required to provide a report of product quality upon delivery. It is recommended that ships conduct testing to ensure the fuel offered meets minimum standards. The following specifications are provided for those activities not familiar with Marine Gas Oil (MGO):

**Minimum Requirements for Purchases of Commercial
Distillate Fuels (Navy Marine Gas Oil)**

The following minimum requirements have been established for use when buying marine fuels (gas oil - 100 percent distillate) from commercial sources when F76 is not available.

TEST	METHOD	REQUIREMENTS
1. Cetane Number or Cetane Index	ASTM D 613 ASTM D 976	42 min 43 min
NOTE: A Cetane Number of 40 minimum, or a Cetane Index of 41 minimum, is acceptable provided the 90 percent Distillation Point does not exceed a maximum of 338°C.		
2. Appearance @ 21°C or ambient temperature (whichever is higher) or Water and Sediment	Visual ASTM D 2709	Clear & Bright 0.05 vol % max
3. Distillation, 90% point	ASTM D 86	375°C max
4. Flash Point	ASTM D 93	60°C (140°F) min
NOTE: The flash point value is absolute and no value less than 60 C is permissible.		
5. Cloud Point	ASTM D 2500	-1.1°C (30°F) max
NOTE: Cloud Point results will be evaluated based upon bunkering location.		
6. Viscosity @ 40°C	ASTM D 455	1.7 - 4.5 cst
7. Color	ASTM D 1500	3 max
NOTE FOR DOMESTIC ITEMS: This color test requirement is deleted if red dye has been added in compliance with U.S. Environmental Protection Agency and Internal Revenue Service regulations; however, the resulting fuel/dye blend must have a red tint. It shall not be visually brown or darker in appearance.		
8. Density @ 15°C	ASTM D 1298	876 kg/m ³ max
9. Carbon Residue on 10% bottoms	ASTM D 524 ASTM D 189	0.35 mass % max

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10.	Ash	ASTM D 482	0.01 mass % max
11.	Sulfur	ASTM D 4294, ASTM D 1552 or ASTM D 2622	1.0 mass % max
12.	Corrosion	ASTM D 130	3 max
13.	Distillate Fuel (fuel shall contain no residual)	None	100%

5. Payment of Invoices.

a. DESC Bunker Fuel Contracts. The Defense Finance and Accounting Service (DFAS) Columbus, Ohio will effect payment of all CONUS and overseas DESC bunker fuel contract invoices for USN ships. **Under no circumstances should a ship pay for fuel received from a bunker fuel contractor.** The contractor will forward the DD Form 1155, receipt document and dealer's invoice to the following address for payment.

Defense Finance and Accounting Service - Columbus Center
Fuels Accounting and Payments Division
ATTN: DFAS-CO-SFFB
P.O. Box 182317
Columbus, OH 43218-6251

The ship's Supply Officer should make every effort to obtain a copy of the receipt document prior to leaving port. Copies of the receipt document and DD Form 1155 should be filed for future reference.

NOTE: In addition, DESC has entered into a Memorandum Of Understanding (MOU) with Defense Finance and Accounting Service (DFAS) Columbus on the use of a magnetic strip card for DESC bunker fuel contract purchases. The magnetic strip cards are similar to credit cards and are only to be used when receiving fuel from a DESC bunker fuel contractor. DD Form 1155 is still required upon delivery of fuel. The bunker fuel contractor is responsible for forwarding his invoice, delivery receipt and the DD Form 1155 to DFAS Columbus for payment.

b. Local Fuel Purchases.

(1) Domestic purchases: DFAS Columbus will process for payment all invoices from vendors located in CONUS, Alaska, or Hawaii. The DD Form 1155, receipt document and dealer's invoice should be forwarded to the address above.

(2) Overseas purchase: The ship's disbursing officer will pay invoices received in foreign ports from foreign vendors. After payment, send an ADMIN message to NAVPETOFF FT BELVOIR VA //FMD// with the following information:

Date of fuel purchase:
Location:
Contractor:
Product purchased:
Quantity:
Price:
Payment made by:

NOTE: The ship's Supply Officer should make every effort to obtain a certified invoice for fuel received prior to leaving port. When fuel has been received and accepted, but the vendor has not submitted his invoice for payment, the Supply Officer will contact the vendor and request the invoice be submitted either in person or by mail.